

**Secretary Aris Melissaratos
Northrop Grumman 20th Annual Socio-Economic
Business Program Review
Thursday, February 27, 2003, 8 a.m.
ES Central Building Auditorium**

**Small and minority business – A priority of the Ehrlich-Steele
Administration**

Why is the State focusing so aggressively on small, minority and women-owned businesses?

- Small, minority and women-owned businesses are the lifeblood of the Maryland economy.
- In fact, they are changing the economy and the way America works.
- In Maryland, there are more than 100,000 small and minority-owned businesses generating \$19 billion in payroll. In fact, small businesses, defined as businesses with 50 or fewer employees, comprise 95 percent of all Maryland firms and employ 39 percent of the State's workforce.
- Small businesses operate in every community of the State providing much needed jobs, good and services.
- They also provide a valuable outlet for entrepreneurship and creativity, two of the motivating forces behind the country's economic growth over the past decade
- Maryland has achieved relatively strong results in the small, minority and women-owned business sectors.
 - Asian Americans own 5.5 percent of all businesses in Maryland, ranking the State 5th among the 50 states and Washington, D.C.
 - Women-owned businesses make up 29 percent of all Maryland firms, ranking the State 3rd nationally.
 - African Americans own about 12 percent of all businesses in Maryland, ranking 2nd in the nation.
- Maryland also has a strong asset base to support small, minority and women-owned businesses.
 - Diversified economy
 - Highly educated population (ranking 4th nationally in degrees)
 - Strong research institutions (ranking 6th in U.S.)

- And access to large hub airports.
- Small businesses are big in Maryland
 - Eighty-six percent of Maryland firms have 20 employees or fewer.
 - Small businesses employ 54 percent of the State's workers and generate nearly 49 percent of the private-sector payroll.
- Since small and minority businesses are the cornerstone of our economy in Maryland, we need to provide them with greater access to capital, information and resources and opportunity.
 - Capital – Maryland Competitive Advantage Financing Fund (MCAFF), Enterprise and Challenge Investment Funds
 - Information and Assistance – Governor's Office of Business Advocacy and Small Business Assistance (GOBA) provides small business assistance with issues such as permits and licensing, taxation, environmental regulations, workforce issues.
 - Opportunities – Assistance with marketing opportunities, joint ventures, export and trade, government contract and technology transfer.
- Incubators to provide necessary support to advanced technology businesses.
- Partnerships – Small Business Administration, Small Business Development Centers, etc.

Priorities as Secretary

Technology – Supporting today's entrepreneurs

- Supporting companies from the "idea in the basement" to start-up, research and development, manufacturing and marketing.
 - DBED's Investment Financing Program (Enterprise and Challenge grants).
 - Incubators located in I-270 Corridor, Prince George's County, East Baltimore, etc.
 - Maryland Intellectual Property Legal Resource Center at the University of Maryland School of Law (provides low-cost intellectual property services and other legal assistance).
 - Partnerships –MDBio and Regional Technology Councils
- Supporting the commercialization of products and ideas from research/educational/military institutions.
 - DBED's Division of Regional Development Military and Federal Facilities Unit (Gen. Michael Hayes).

- Strategic Assistance Fund provides marketing assistance to companies with new products, product diversification, new markets or market expansion.
- TEDCO (focusing on commercialization of new products from federal labs and universities); DBED/TEDCO funding of the TOUCAN Capital (\$4 million seed money from State)
- Taking Maryland's research and development companies (particularly biotechnology companies) successfully into the next level – manufacturing. The State needs to address the need for manufacturing facilities as MD's biotechnology firms get beyond R & D and begin the manufacturing process. We don't want to lose the companies we've nurtured to other states because of a lack of manufacturing facilities.
- **Manufacturing**
 - Attracting and retaining manufacturing jobs in Maryland, particularly in Western Maryland, City of Baltimore and the Eastern Shore. (One Maryland financing program for Maryland's distressed counties. ClosetMaid in Western Maryland is one example of program's success.)
 - Helping traditional manufacturing companies stay competitive by addressing the need for skilled workers (Partnership for Workforce Quality and Maryland Industrial Training Program) and state-of-the-art equipment/facilities (financing assistance).
 - Partnerships such as the Maryland ISO Consortium Program and the Maryland World Class Manufacturing Consortium help Maryland companies compete in today's global marketplace.
 - New manufacturing opportunities in advanced technology industries such as biotechnology, information technology, fiber optics, etc. (Corvis Corp and Ciena Corp).

New Approaches to Doing Business

- **Business-Friendly.** Businesses want to go where they feel their presence is valued. We can do this by:
 - Being more responsive to our customers – businesses considering coming to Maryland and existing Maryland businesses looking to expand and grow.
 - Speeding up the regulatory process.
 - Reviewing existing regulations, speeding up the process and reducing the bureaucracy.

- Enforcing regulations in a customer-friendly, not confrontational way. (Exception: regulations designed to protect consumers and the environment.)
- Looking at the costs of doing business in Maryland in order to maintain a competitive edge in attracting and retaining jobs/companies.
- Building strong partnerships with local jurisdictions, stressing regional cooperation.
- Workforce Development, Education and Business Attraction – Ensuring we have the skilled workers needed to attract and retain businesses in Maryland.
- Maryland's highly skilled, highly educated workforce is an asset when meeting new company prospects. (See attached Maryland rankings/assets for additional information.)
 - 1st in professional and technical works in the workforce,
 - 2nd in percentage of graduate and professional degrees
 - 2nd in doctoral scientists and doctoral engineers
 - 3rd in percentage of population that has a BS degree or more
- Collaborating with businesses and community colleges to ensure our workers have the necessary skills for today and tomorrow.
 - Partnership for Workforce Quality (PWQ)
 - Maryland Industrial Training Program (MITP)
- Working with educational institutions to ensure that Maryland has the educated workforce needed for the future in industries such as bioscience, information technology, interactive technology, aerospace, etc.